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October 6, 2022

To the Board of Education and
Ms. Marie Donnelly
Assistant Superintendent for Finance and Personnel
Hewlett-Woodmere Union Free School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary fund of the Hewlett-Woodmere Union Free School District as of and for the fiscal year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Hewlett-Woodmere Union Free School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hewlett-Woodmere Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hewlett-Woodmere Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal controls was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters. We have also included the status of prior year findings and recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

BUDGET TRANSFERS

During our current year audit, we noted for two out of fifteen budget transfers tested, the District made transfers between non-contingent areas of the budget, which is prohibited under New York State Education Law. Per Education Law, budget transfers can only be made between contingent codes or from non-contingent to contingent codes. Budget transfers cannot be made from contingent to non-contingent areas of the budget, or between non-contingent areas of the budget, as non-contingent expenditure codes cannot be increased absent voter authorization. We recommend that the District review all proposed budget transfers during the year and ensure that all transfers are allowable under NYS Education Law.

FUND BALANCE MANAGEMENT

During our current year audit, we noted the District had a balance of $11,541,552 in its workers' compensation reserve at June 30, 2022, which is higher than the total estimated liability for claims payable as calculated by the District's outside actuary. The estimated liability at June 30, 2022 was $6,632,575, which includes incurred claims and claims incurred but not reported. We noted the District appropriated $465,276 of the reserve for the current year claims payments. We recommend the District review the reserve balance for reasonableness and continue to utilize the reserve for future claim expenses in order to lower the balance to a reasonable level in relation to their estimated liability.

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STATUS OF PRIOR YEAR RECOMMENDATIONS

DUE TO OTHER GOVERNMENTS

FINDING: During our prior year audit, we noted the District was not properly monitoring payments and accruals recorded to accounts payable and due to other governments liability accounts. Our prior year audit required adjusting journal entries to properly reflect the prior year's balances in accounts payable and due to other governments, as well as the corresponding expenditure accounts. We recommended that the District monitor these accounts throughout the year to ensure all balances are accurately reflected.

STATUS: **Implemented.**

FUND BALANCE MANAGEMENT

FINDING: During our prior year audit, we noted the District had a balance of $11,994,704 in its workers' compensation reserve at June 30, 2021, which was higher than the total estimated liability for claims payable as calculated by the District's outside actuary. The estimated liability at June 30, 2021 was $7,020,888 which included incurred claims and claims incurred but not reported. We noted the District appropriated $422,608 of the reserve in the prior year for claims payments. We recommended the District review the reserve balance for reasonableness and continue to utilize the reserve for future claim expenses in order to lower the balance to a reasonable level in relation to their estimated liability.

STATUS: **Partially Implemented.**

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District during the audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

R.S. Abrams & Co., LLP
Islandia, New York
October 6, 2022